

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1217 - SB 1459

March 27, 2023

SUMMARY OF BILL AS AMENDED (006747): Exempts a capital project at the University of Tennessee (UT) from the State Building Commission's (SBC) authority if the institution's capital project is managed by the university's state procurement agency, involves a building or facility used primarily for non-academic purposes, and the project is either fully funded by donations received from a third party or revenue from self-supporting auxiliary projects, including projects financed with revenue bonds, or both.

Declares that such exempt capital projects at UT that result in a net increase to the square footage of a building or facility are not eligible for maintenance funding from the state.

Requires that for such exempt capital projects, that the university's state procurement agency utilize contracts provided by the state architect. Authorizes the institution to revise the terms of such contracts upon approval from the state architect. Further requires such exempt capital projects to be approved by the board of trustees of UT or its designee and to be reported to the SBC on a quarterly basis. at the time a contract for the building or design of a project is executed and end upon completion of the project. Declares that such exempt capital projects are not subject to additional disclosures by a state entity beyond the inclusion of revenue bonds requested for the project in the general appropriations act.

Requires public institutions of higher education to establish a transparent process to publicly disclose capital projects of \$10,000,000 or less that do not utilize bond funds or funds appropriated for capital outlay or capital maintenance and are paid with current or residual funds directly to the SBC. Declares that such capital projects utilizing the funds as described above are not subject to additional disclosure requirements by a state entity.

Adds to the definition of major maintenance to include repairs or renovations of a building structure or a portion thereof in which the state has an interest to include state departments and public two-year institutions of higher learning in which costs will be in excess of \$250,000 for a structure or \$1,000,000 for a project excluding furniture and equipment or for public four-year institution of higher education in excess of \$1,000,000 for a structure or \$3,000,000 for a project excluding furniture and equipment.

Requires any expenditure in excess of \$1,000,000 on a single building or structure owned or leased by a public four-year institution of higher education to be approved by the SBC. Additionally requires any such expenditures for any other state institution of higher education to be subject the SBC approval for expenditures over \$250,000.

FISCAL IMPACT OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Each public institution of higher education in this state can comply with the provisions of the proposed legislation within existing resources without a significant impact on state expenditures.
- The SBC can update any policies or procedures within existing resources; any decrease in state expenditures for the SBC resulting from oversight of fewer projects is estimated to be not significant.
- Any impact on state government is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/lm